



Madagascar

Madagascar: Current Path

Du Toit McLachlan and Julia Bello-Schünemann

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Chart 2: Population structure in the Current Path, 1990-2043

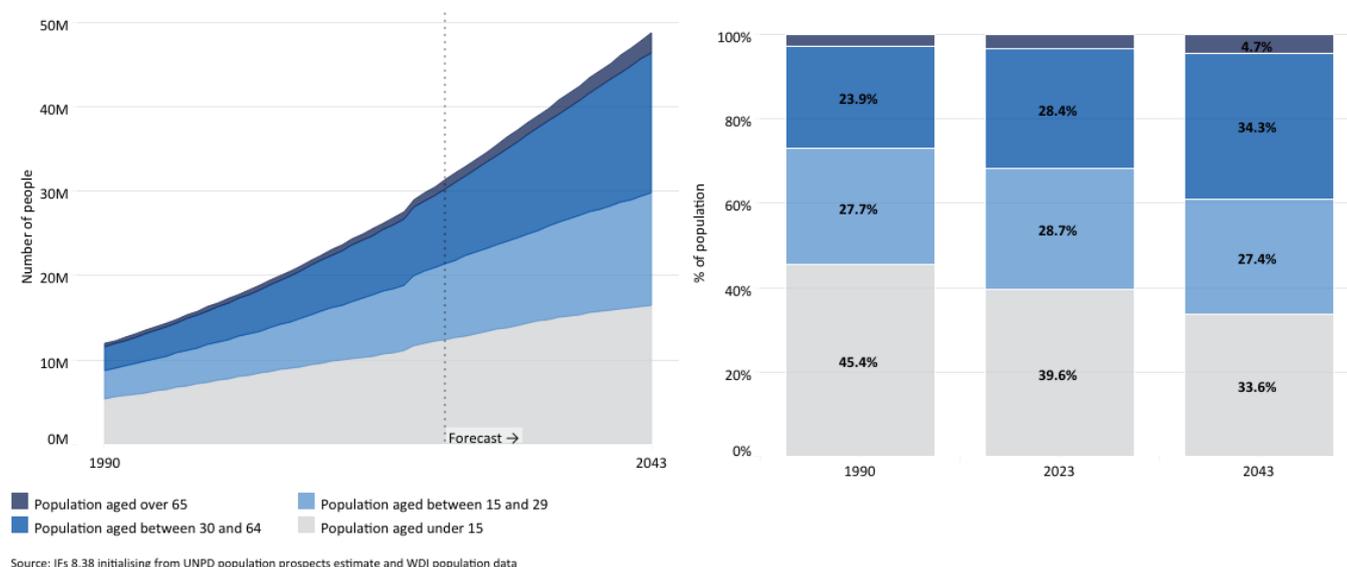


Chart 2 presents the Current Path of the population structure, from 1990 to 2043.

The demographic profile of a country is key in shaping its long-term social, economic and political path. It is hence a useful predictor for a nation's development prospects.

Madagascar has a young and relatively fast-growing population with an average annual growth rate of 2.6% in 2023, which is roughly in line with the average for Africa's low-income economies. Coming from a baseline of about 12.1 million people in 1990, the population has since grown close to threefold to 31.3 million people. By 2043, it will reach over 48 million people. In 2023, 40% of the population was under 15 years old. The current median age is 19.9 years compared to the average of 18.3 years for Africa's low-income economies. On the Current Path, Madagascar is expected to experience demographic change, but rather slowly.

In 2023, average total fertility stood at four births per woman, high but somewhat below the average of 4.8 births for Madagascar's low-income peer group. By 2043, the country's fertility rate is expected to drop to 3 births per woman. It is only in 2060 that the country will reach replacement level fertility of 2.1 births per woman. As a consequence, Madagascar's population will continue to grow relatively fast, and by 2043, the median age will only increase to 23.4 years. Rwanda's anticipated median age, for example, is 26.5 years, the highest among Africa's low-income economies by then.

A maturing age structure will benefit Madagascar's workforce. By 2043, people of working age are expected to account for about 62% of the population compared to 57% in 2023. This means that the ratio between the working age and the dependent population is improving, but not fast enough to significantly boost economic growth. On the Current Path, Madagascar will reach the peak of its "demographic sweet spot" only in 2076. By 2043, for every dependent there will be 1.6 workers, up from 1.3 in 2023.

In 2023, the average life expectancy in Madagascar was 66.2 years, with that for women (67.4) being almost 2.5 years higher than for men (65 years). On the Current Path, the average life expectancy of Madagascar's citizens will increase to 70.3 years over the next two decades, 1.5 years below the expected average of 71.8 years for Africa's low-income

economies in 2043. Madagascar's gender gap in life expectancy will grow, reaching 2.9 years compared to 2.4 years in 2023.

Chart 3: Population distribution map, 2023



Chart 3 presents a population distribution map for 2023.

Most of Madagascar's population is concentrated in the central highlands and around major cities like Antananarivo. Much of the country is rural, with significant areas of forest, mountains and sparsely inhabited land.

Madagascar has an overall population density of approximately 0.54 people per hectare, just above the African average of 0.5 in 2023. However, density varies across the territory as the country's population is unevenly distributed, with the centre and the east coast being more densely populated compared to the west coast where population is sparse.

Antananarivo, located roughly in the centre of the island, is Madagascar's capital and by far its largest city with an estimated population of more than 3 million people in its metropolitan area. The city is the political, economic and cultural centre of the country. Other larger cities include Toamasina, Antsirabe and Mahajanga with between 250 000 and 300 000 inhabitants each. Toamasina is the main port and industrial hub. Mahajanga, Toliara and Antsiranana are important regional hubs. These secondary cities are growing, but not as fast as the capital.

Chart 4: Urban and rural population in the Current Path, 1990-2043

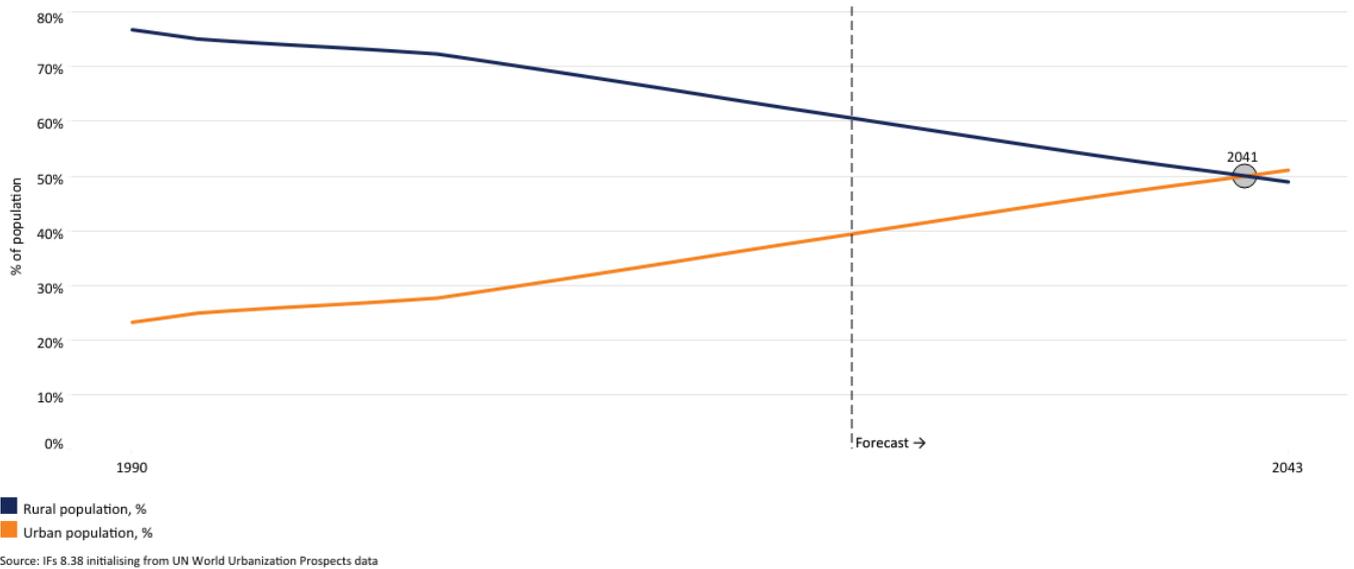


Chart 4 presents the urban and rural population in the Current Path, from 1990 to 2043.

Madagascar is more urbanised than the average African low-income economy. This is consistent with the pattern that Island economies are typically more urbanised than their non-island counterparts in similar income categories. In 2023, close to 40% of Madagascar’s population lived in urban areas, versus just over 60% who were living in rural areas. Africa’s low-income countries had a rural-urban split of 32.5% versus 67.5% in 2023. On the Current Path, Madagascar is becoming more urbanised. By 2043, 51% of the population will be living in urban areas versus 49% living in rural areas. The anticipated ratio for Africa’s low-income economies is 41.6% urban versus 58.4% rural by 2043.

Urbanisation in Madagascar is driven by natural population growth as well as rural to urban migration. Extremely high levels of rural poverty push people towards cities in search of work as well as better access to services. Young people are especially drawn to migrate to cities for education or employment opportunities. When it comes to access to services, such as hospitals, housing and schools, the **rural-urban disparity** is significant, with urban areas and the capital city especially providing better access, despite the majority of the population residing in rural areas.

Chart 5: GDP (MER) and growth in the Current Path, 1990-2043

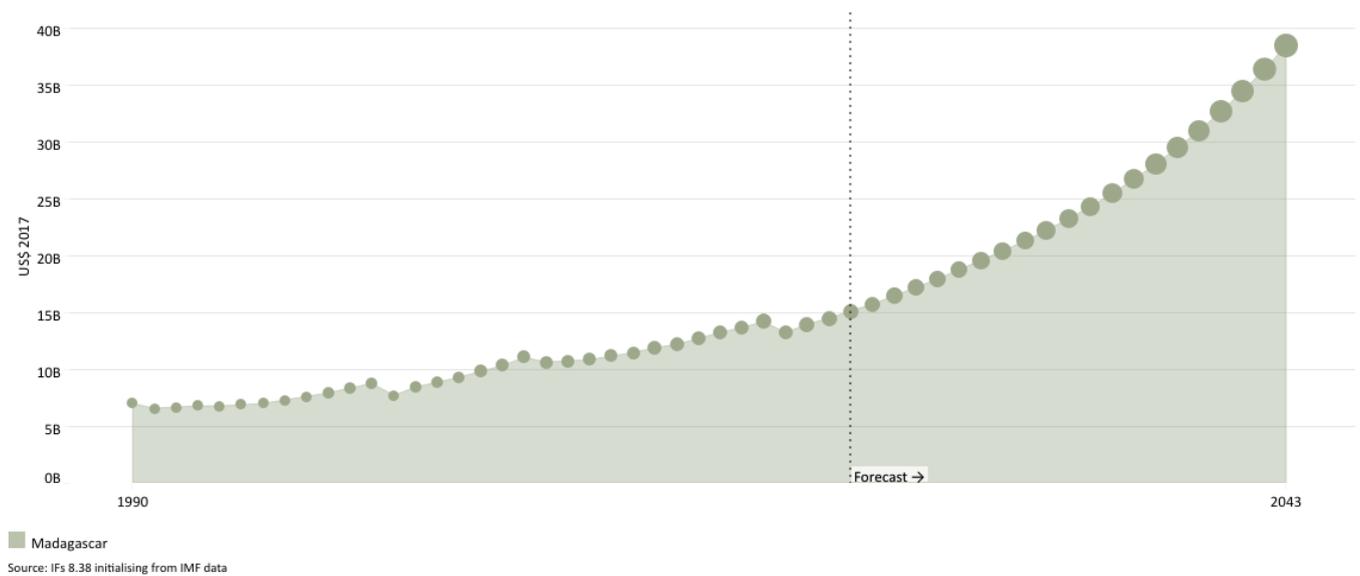


Chart 5 presents GDP in market exchange rates (MER) and growth rate in the Current Path, from 1990 to 2043.

Between 1990 and 2023, Madagascar’s GDP more than doubled from US\$7 billion to just over US\$15.1 billion. The country ranks ninth out of 23 African low-income economies, with Ethiopia, the Democratic Republic of the Congo and Uganda being the lead economies. In 2043, Madagascar’s GDP will be US\$38.4 billion, more than two and a half times as large as in 2023. The economy will expand, but the expected average annual growth of under 5% over the coming two decades, combined with historically high levels of inequality, will be insufficient to allow for meaningful progress in poverty reduction and human development more generally.

Madagascar’s economy is **vulnerable** to external climate shocks (cyclones and droughts) as well as global market fluctuations that affect supply chains and inputs. This is why the impact of the COVID-19 pandemic, as well as the war in Ukraine, was significant, causing a recession. Moreover, the economy lacks diversification in terms of export markets, such as the United States and the EU.

The country’s economy is mostly based on services and has a poorly developed industrial sector that generates little value added. According to the Food and Agriculture Organisation, despite the country’s vast potential, the agriculture sector is dominated by subsistence farming. In principle, its varied climate allows for the cultivation of tropical crops such as rice, cassava, beans and bananas. Rice accounts for the largest share of total crop acreage. Other valuable export-oriented agricultural products include cloves, vanilla, cacao, sugar, pepper and coffee. Even though the agricultural sector has seen little to no reforms over the past 15 years, it provides employment for the majority of people, accounting for close to 80% of Madagascar’s workforce.

In 2024, growth was estimated at 4.2%. According to the **World Bank**, the service sector, in particular tourism and telecommunications, has been driving growth, including through increased international air traffic, new airlines and a new telecom licensing regime. The Bank predicts growth to average 4.7% from 2025 to 2027, with industrial production (including textiles and mining) and services expected to continue to lead the expansion. Tourism is expected to maintain its growth momentum, supported by new infrastructure development. The growth projection is equally based on the assumption that the government will implement structural reforms to enhance market competitiveness in critical sectors and improve the investment climate.

Madagascar faces significant challenges, including frequent power outages and climate change-induced risks that can potentially disrupt manufacturing and agricultural productivity as well as tourism. Macroeconomic stability has also been difficult to ensure. Annual inflation averaged 7.5% in 2024, and the current account deficit worsened to an estimated 5% of GDP in 2024, mostly due to declining exports of key commodities like vanilla, cloves, cobalt and nickel. According to the [World Bank](#), 'the fiscal deficit has been gradually narrowing,' and Madagascar's economic resilience depends on 'maintaining reform momentum, diversifying exports, and addressing infrastructure constraints.'

Chart 6: Size of the informal economy in the Current Path, 2020-2043

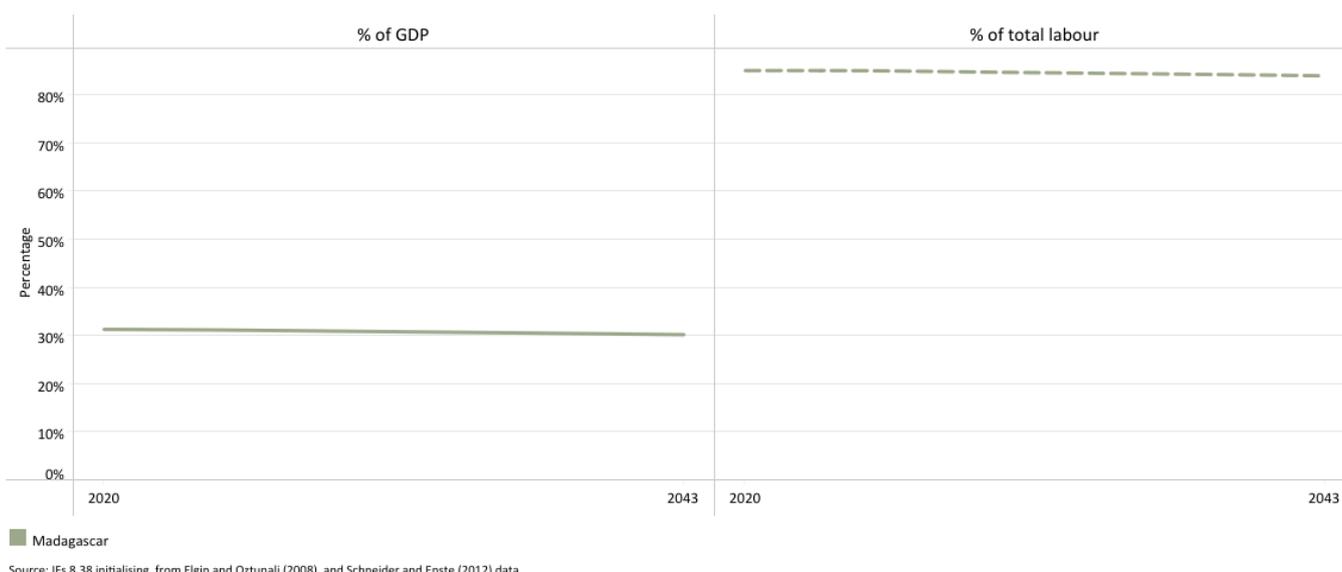


Chart 6 presents the size of the informal economy as per cent of GDP and per cent of total labour (non-agriculture), from 2020 to 2043. The data in our modelling are largely estimates and therefore may differ from other sources.

Countries with high informality typically encounter multiple development challenges connected to low revenue mobilisation. Further, high levels of informality tend to hold back economic growth.

Informality in Madagascar is exceptionally high, even for African standards. The formal economy has not grown fast or inclusively enough to offer better alternatives. At the same time, structural barriers—like poor infrastructure, education and financial access—keep people trapped in informal, low-productivity work.

In 2023, Madagascar's informal sector was equivalent to approximately 31.2% of GDP. This is just slightly below the average share of 31.7% in Africa's low-income economies. The informal sector is a burden on the formal economy because of low contributions to tax revenues and the subsequent negative impact on expenditure on public services. By 2043, Madagascar's informal sector will still account for 30.2% of GDP. This represents rather limited progress that likely reflects slow improvements in overall state capacity, including for taxation. In the average African low-income economy, the informal economy will account for 28.2% by 2043.

In the absence of formal sector opportunities, 85% of Madagascar's labour force works in the informal sector, the highest share on the continent, followed by Uganda and the Democratic Republic of the Congo. The informal sector adds little value to the economy overall and typically offers precarious employment conditions. In the Current Path, informal labour will still account for 83.9% by 2043, pointing to stagnation rather than improvement. In comparison, in the average African

low-income economy, informal labour will account for 46.5% of the overall workforce by 2043. The three low-income countries with the smallest share of informal labour in 2043 are Sudan, Togo and Niger with 21.8%, 42% and 44.8%, respectively.

Addressing informality constructively is essential to promote inclusive wealth creation in Madagascar and reduce inequalities. The sector is the only source of income for most people of working age. Improving access to quality education, job creation and financial inclusion are some policies that can reduce informality.

Chart 7: GDP per capita in Current Path, 1990-2043

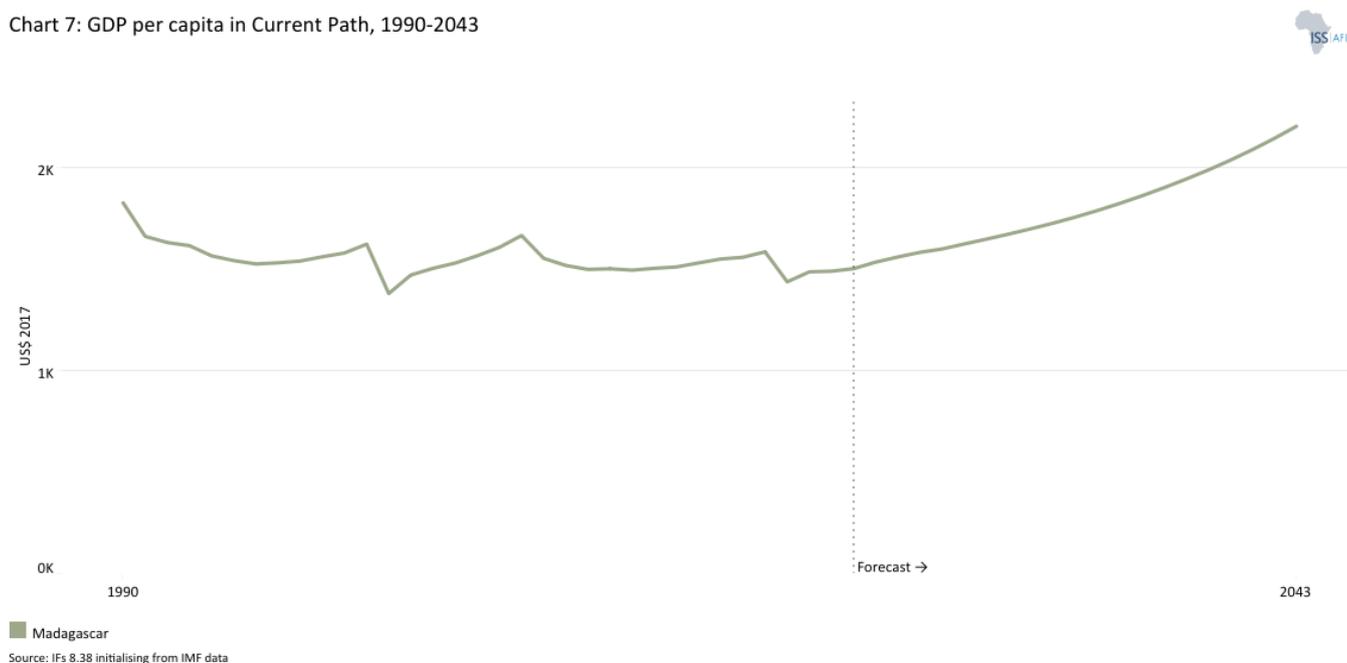


Chart 7 presents GDP per capita in the Current Path, from 1990 to 2043, compared with the average for the Africa income group.

In 2023, Madagascar’s GDP per capita ranked 13th out of 23 for Africa’s low-income economies, at a value of US\$1 499. This is US\$353 below the group average for Africa’s low-income economies (US\$1 852). Between 1990 and 2023, Madagascar’s GDP per capita fell from around US\$1 800 to US\$1 500. This long-term decline reflects decades of weak productivity growth, limited industrialisation and recurring political instability that undermined investment. Rather than converging with regional peers, Madagascar has fallen further behind in income terms. The sharp contraction between 2001 and 2002 was largely the result of the disputed presidential election, which triggered a prolonged political crisis. The standoff between rival governments led to blockades at ports, disruption of trade and transport and undermined investor confidence.

In the Current Path, the country’s per capita income will increase to US\$2 200 by 2043, maintaining its current regional rank. Madagascar’s GDP per capita will stay below the average of its low-income peer group, which will be US\$3 061 by 2043, with the gap growing to US\$861. This points to the structural factors that undermine inclusive economic growth in Madagascar.

On the [Human Development Report 2023/2024](#), Madagascar scored 0.487 based on data from 2022 (higher scores mean higher human development). The country ranked 177 out of 191 countries. The scores in the low human development category range from 0.380 (Somalia, lowest) to 0.548 (Nigeria, highest).

Chart 8: Extreme poverty in Current Path, 2020-2043

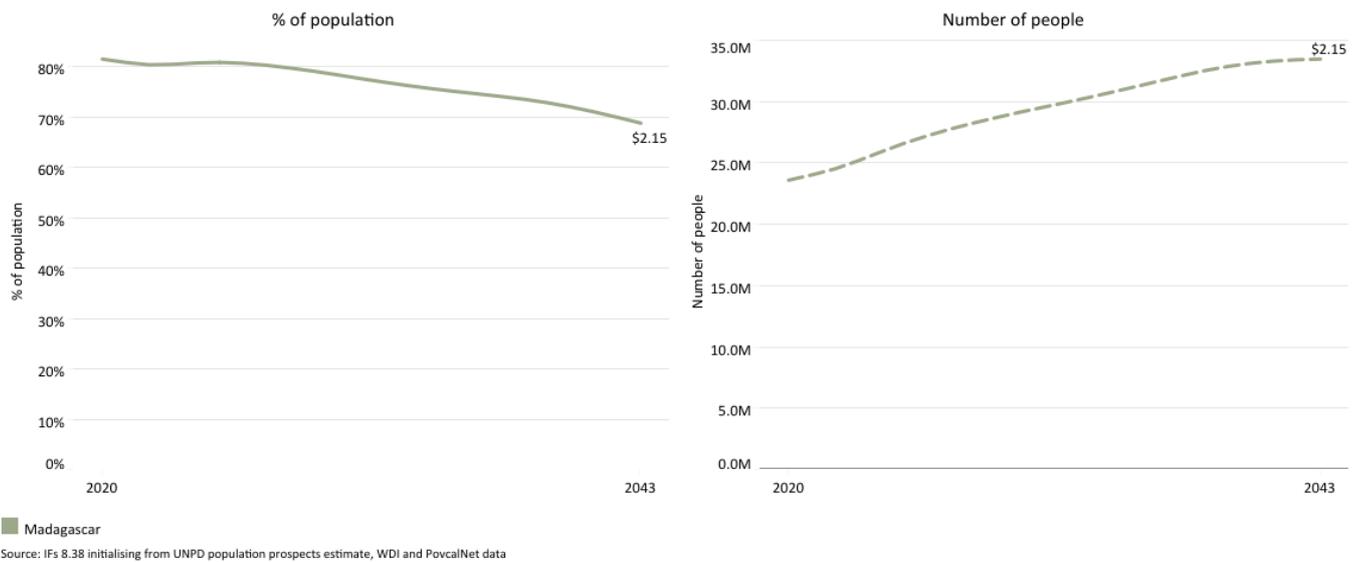


Chart 8 presents the rate and numbers of extremely poor people in the Current Path from 2020 to 2043.

In 2022, the World Bank updated the poverty lines to 2017 constant dollar values as follows:

- The previous US\$1.90 extreme poverty line is now set at US\$2.15, also for use with low-income countries.
- US\$3.20 for lower-middle-income countries, now US\$3.65 in 2017 values.
- US\$5.50 for upper-middle-income countries, now US\$6.85 in 2017 values.
- US\$22.70 for high-income countries. The Bank has not yet announced the new poverty line in 2017 US\$ prices for high-income countries.

As a low-income country, Madagascar uses the US\$2.15 benchmark to define extreme poverty. The country has the highest poverty burden on the continent, with 80.5% of its population living in extreme poverty in 2023, followed by South Sudan, Mozambique and the Democratic Republic of Congo with rates of 76%, 75% and 74.9%, respectively. Unlike Madagascar, those three countries experience high levels of violent conflict. The average poverty rate for Madagascar's low-income peers is much lower, standing at 44.6% in 2023. By 2043, the burden will shrink to 26.7%.

In absolute numbers, 25.2 million people lived in extreme poverty in 2023 in Madagascar. On the Current Path, the number of people living in extreme poverty will increase by one-third to 33.5 million people in 2043, due to high rates of population growth. The poverty rate, however, is projected to decline to 26.7%, and South Sudan will have Africa's highest poverty burden by 2043 (77.8%). A combination of political instability, geographic challenges, underinvestment in people and environmental fragility has led to such high and persistent levels of poverty. Incipient economic development has repeatedly been interrupted by political instability.

Monetary poverty only tells part of the story, however. Therefore, the global [Multidimensional Poverty Index \(MPI\)](#) assesses acute multidimensional poverty by measuring each person's overlapping deprivations across 10 indicators in three equally weighted dimensions: health, education and standard of living. The MPI complements the respective international monetary poverty thresholds by identifying who is multidimensionally poor and also shows the composition

of multidimensional poverty. The headcount or incidence of multidimensional poverty is often several percentage points higher than that of monetary poverty. This implies that individuals living above the monetary poverty line may still suffer deprivations in health, education and/or standard of living.^[x] Madagascar scores 0.386 on the [Multidimensional Poverty Index 2024](#) with 68.4% of the population considered multidimensionally poor and with sanitation and cooking fuel being the most critical dimensions, followed by housing. This is much higher than the average score for sub-Saharan Africa at 0.254.

Chart 9: National Development Plan of Madagascar

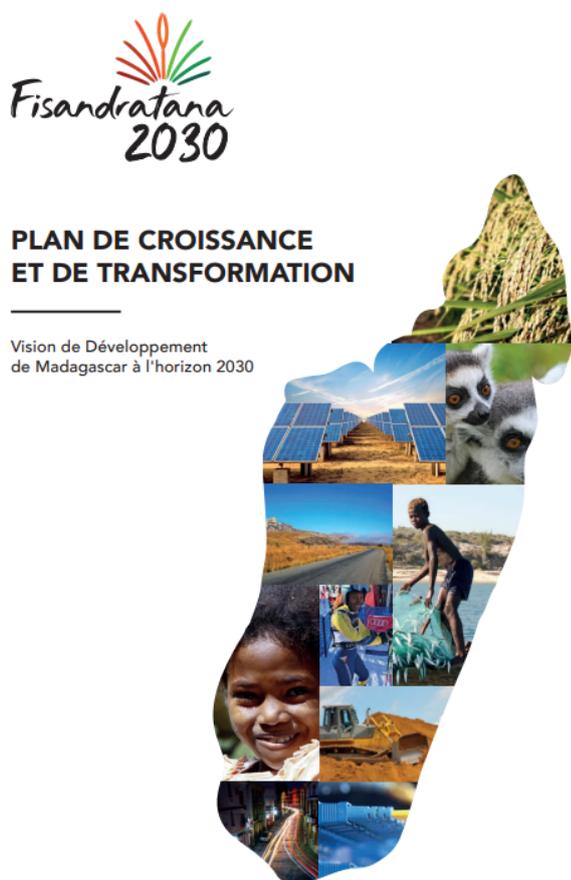


Chart 9 depicts the National Development Plan of Madagascar.

Madagascar has a long-term vision called [Fasandratana 2030 – Vision pour le développement de Madagascar](#). This plan aims to elevate Madagascar's GDP per capita US\$1 000 by 2030, reduce the poverty rate to less than 25% and improve the country's Human Development Index (HDI) ranking to between 70th and 80th by 2033.

In addition, Madagascar has a national development plan known as [Plan Émergence Madagascar](#). This framework, covering the period from 2019 to 2023, envisions transforming Madagascar into an emerging country where future generations can live better together, sharing prosperity and collective happiness. The plan emphasises sustainable development, inclusive growth and environmental stewardship.

It features the core priority of good governance, which is the backbone of the plan and three fundamental pillars. The plan focuses on ensuring political stability and security, promoting access to justice for all and strengthening public

administration, transparency and anticorruption efforts. Pillar one targets social and human capital and aims at improving people's wellbeing and opportunities via

- quality education for all (especially girls),
- universal healthcare access and reproductive health,
- decent employment and professional training, and
- social cohesion via cultural and sporting initiatives.

The second pillar focuses on accelerated economy and growth and the transformation of the economy via legislative reforms and upgrading infrastructure, boosting agriculture, industrial processing and a circular blue economy. It equally aims to develop the mineral sector and expand tourism.

Pillar three focuses on the environment and the living environment and includes a commitment to sustainable development, including aligning economic growth with environmental standards, conserving natural resources and biodiversity, massive reforestation and climate resilience measures.

The plan also serves to attract investments related to the construction of new road infrastructure, the development of water supply and the energy and mining sectors.

The different plans are aligned with broader frameworks such as the United Nations Sustainable Development Goals (SDGs) and the African Union's Agenda 2063. They serve as guiding documents for various international partners and organisations, including the World Food Programme (WFP) and the United Nations Population Fund (UNFPA), to align their country strategies and programs with Madagascar's development priorities.

Moreover, in January 2023, the Malagasy Government together with the United Nations published a [Vision prospective 2030 2040 2063 de Madagascar](#), a holistic vision that identified four priorities of intervention to set Madagascar on a more sustainable development trajectory: governance (resilience to environmental risks, humanitarian action and social protection, security), human capital development (youth, gender equality and social wellbeing, technological innovation), macroeconomic stability and private sector development, and lastly land use and planning and infrastructure development.

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About the authors

Mr Du Toit McLachlan joined the ISS in February 2021. He holds an honour's degree in international relations from the University of Pretoria and is the AFI website manager. Du Toit works extensively on data analytics, visualisation and chart design to strengthen the accessibility of AFI research. His research interests include gender equality, international trade, and international geopolitics.

Dr Julia Bello-Schünemann is a Research Consultant at AFI. Her interests include governance, demographics, urbanisation as well as socio-economic development. Between 2013 and 2016 Julia was a Senior Researcher at AFI and thereafter worked as a consultant for the ISS in Nigeria. Julia holds a Ph.D. in International Relations from the Universidad Complutense in Madrid, Spain and an MA in Communication, Political Science and Economics from Ludwig-Maximilians-University, Munich in Germany.

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